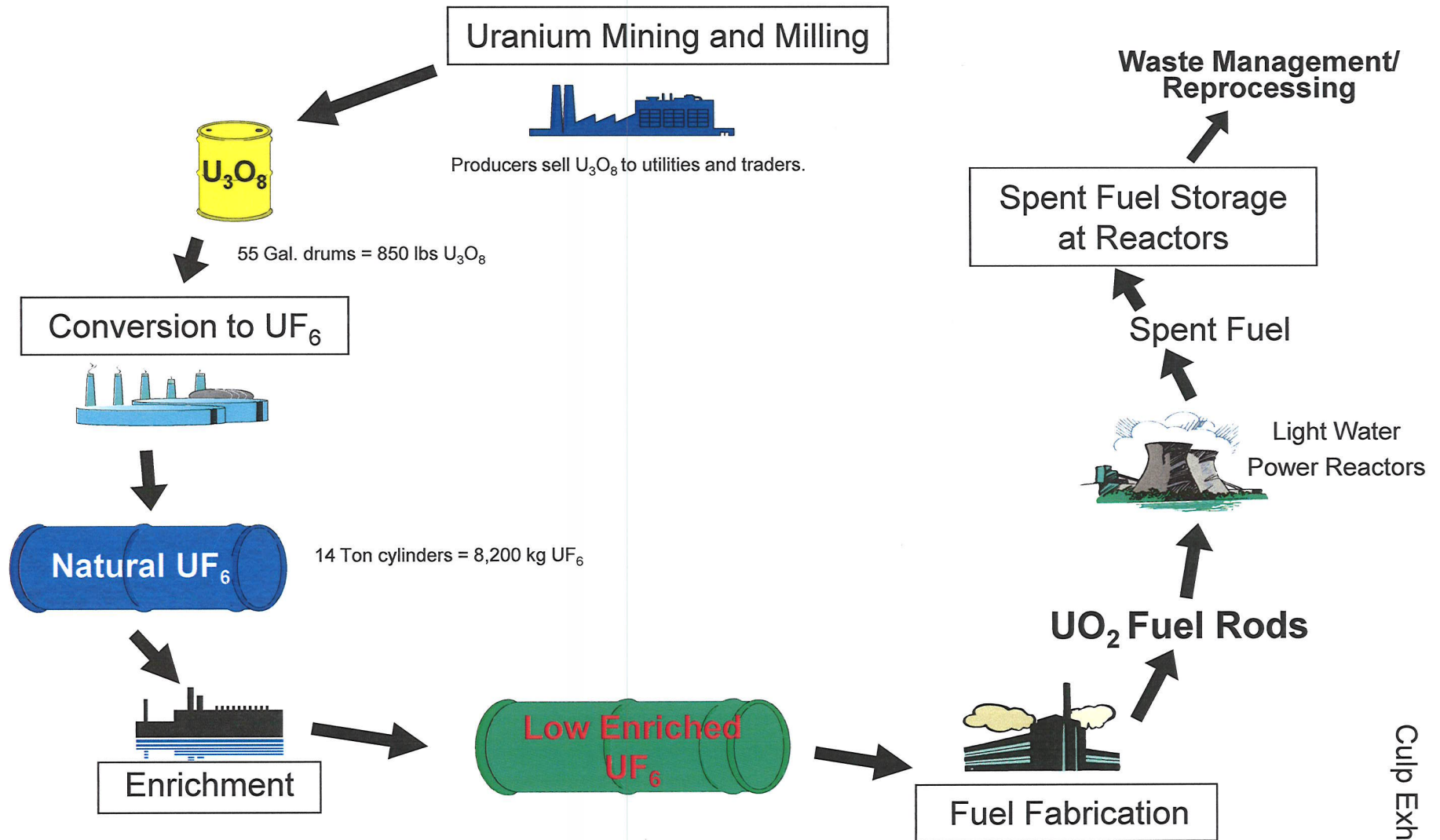


The Nuclear Fuel Cycle



Culp Exhibit 2

Duke Energy Carolinas Nuclear Fuel Procurement Practices

The Company's nuclear fuel procurement practices are summarized below.

- Near and long-term consumption forecasts are computed based on factors such as: nuclear system operational projections given fleet outage/maintenance schedules, adequate fuel cycle design margins to key safety licensing limitations, and economic tradeoffs between required volumes of uranium and enrichment necessary to produce the required volume of enriched uranium.
- Nuclear system inventory targets are determined and designed to provide: reliability, insulation from short-term market volatility, and sensitivity to evolving market conditions. Inventories are monitored on an ongoing basis.
- On an ongoing basis, existing purchase commitments are compared with consumption and inventory requirements to ascertain additional needs.
- Qualified suppliers are invited to make proposals to satisfy additional or future contract needs.
- Contracts are awarded based on the most attractive evaluated offer, considering factors such as price, reliability, flexibility and supply source diversification/portfolio security of supply.
- Long term supply contracts are relied upon to fulfill the largest portion of forward requirements in each of the four industrial stages of the nuclear fuel cycle. By staggering long term contracts over time, the Company's purchases within a given year consist of a blend of contract prices negotiated at many different periods in the markets, which has the effect of smoothing out the Company's exposure to price volatility.
- Spot market opportunities are evaluated from time to time to supplement long term contract supplies as appropriate based on comparison to other supply options.
- Delivered volumes of nuclear fuel products and services are monitored against contract commitments. The quality and volume of deliveries are confirmed by the delivery facility to which Duke Energy Carolinas has instructed delivery. Payments for such delivered volumes are made after Duke Energy Carolinas' receipt of such delivery facility confirmations.